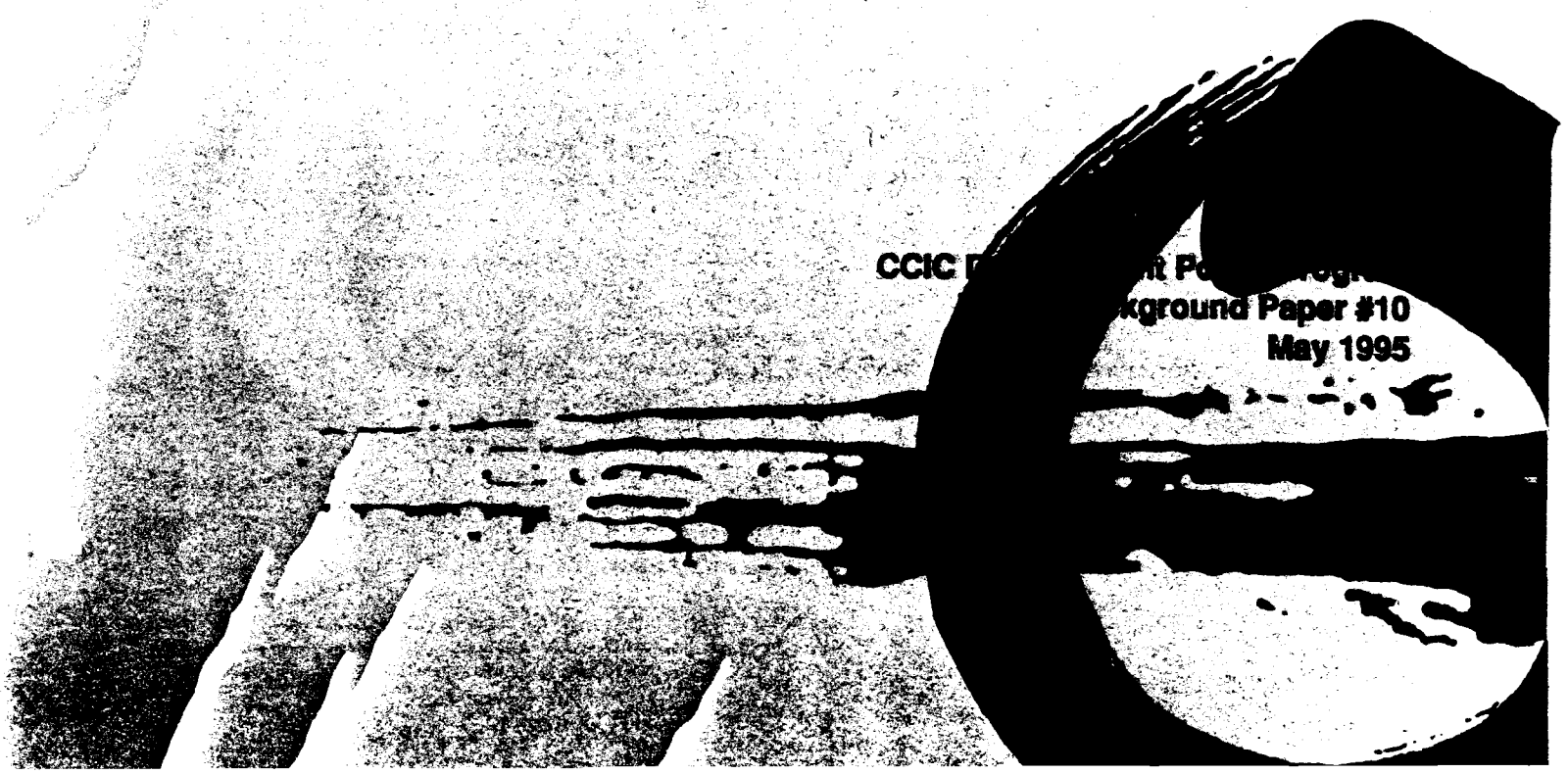
CANADIAN COUNCIL FOR INTERNATIONAL CO-OPERATION

CONSEIL CANADIEN POUR LA COOPÉRATION INTERNATIONALE

The Voluntary Sector and the Federal Government: A perspective in the aftermath of the 1995 Federal budget

by Richard Marquardt



Preface

This paper was prepared in the first half of May, 1995, for the Canadian Council for International Cooperation (CCIC) to facilitate discussion at its Annual General Meeting. It is a contribution to a larger work-in-progress by the CCIC on the evolving role of the voluntary sector in international cooperation.

It was not possible in the time available to see all of the people who should have been seen, or to review all of the documentation relevant to the topic. I am grateful to Andrew Cardozo of the Pearson-Shoyama Institute, Tony Clarke, activist with extensive experience with Canada's social movements, David Gillies, Manager of Research Programmes with the Aga Khan Foundation Canada, Lyle Makosky, Associate of the Institute on Governance, Susan Phillips, Assistant Professor in the School of Public Administration at Carleton University, Betty Plewes, President of the CCIC, Brian Rowe, consultant with extensive experience with international development NGOs, Kendel Rust, Director of the Policy Unit in CIDA's NGO Division, Stephen Wallace, Senior Departmental Assistant (CIDA) in the Office of the Minister of Foreign Affairs, and Doug Williams of CIDA's Policy Branch. Special thanks to Katharine Pearson and Brian Tomlinson of the CCIC's Policy Team, and to Brian Rowe, for their helpful comments on an earlier draft of this paper. These people and the materials listed in the References section were the author's main sources. All interpretations, errors, and omissions are the responsibility of the author.

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1. Introduction

The Canadian Council for International Cooperation (CCIC) has been engaged in dialogue with the Federal Government on the role of the voluntary sector in Official Development Assistance (ODA). CIDA is currently developing an official policy on this question. Despite years of patient work on this relationship, however, the February 1995 Federal budget and the subsequent Federal Government decisions on support to the voluntary sector have created a new situation that demands careful consideration by the community. The CCIC constituency needs to review the dialogue to date and to identify the issues arising.

This paper begins with a review of the main trends in the relations between the broader voluntary sector and the Federal Government, particularly in the wake of the February 1995 budget. It then situates the particular relationship of the international cooperation sector with the Federal Government in this context. It concludes with a discussion of strategic options for the CCIC constituency.

2. General trends in state-voluntary sector relations

The broader context is well known, but its main features bear mentioning as our starting points.

- The nature and purpose of the Federal Government has changed considerably in the last ten to fifteen years. Its primary role, and key foreign policy objective, is to promote the competitiveness of the Canadian economy (see *Canada in the World* p. 10). At the same time, the Federal Government is shrinking. The substantial reductions in spending this year are only the beginning. This trend will continue for at least a decade and will be felt primarily in areas of social spending: health, education, pensions, and social welfare. It is no exaggeration to say that Canada is going through a structural adjustment program like those we have witnessed in the countries where we work overseas. (1) With the February 1995 Federal Budget, Canada entered the post-welfare state period. This is a global trend.

- The increasing reliance on the market as the arbiter of social priorities has led to rapid economic growth in some parts of the world, but the price has been increasing social polarization. Large numbers of people are marginalized and dispossessed by economic change. Sometimes labelled 'Brazilianization', this process is now evident in the industrialized countries, including Canada. (2)
- Foreign aid as we have known it over the past 50 years is in rapid decline. The end of the Cold War has reduced its geopolitical importance. Governments are far more concerned with strengthening the competitive position of their own countries' economies.

- The retreat of governments from the social field has been accompanied by the growth of organizations in civil society to address the most critical social needs that states and the market cannot address. In Southern countries, the number, size, and scope of

non-governmental organizations has grown rapidly in the past fifteen years. This trend has led many Northern voluntary organizations to revise their view of their role in Southern countries. Some Canadian voluntary organizations now see their role as one of promoting international links and mutual support among groups engaged in similar efforts in both the North and the South, in such areas as human rights, gender equity, and the environment. A new model of international cooperation is developing around this view (see Macdonald, Salamon). It coexists uneasily within the community with the model of international development assistance, which focuses on mobilizing resources in Canada to support relief and development in the South.

Some respectable mainstream observers envision a post-welfare state society in which important social tasks previously undertaken by governments are carried out by voluntary organizations in a more dynamic civil society (see Drucker, Salamon). This could bring about a greater degree of citizen participation in addressing social needs. It could reduce the negative aspects of the welfare state, such as the transfer of social power to a faceless bureaucracy and the treatment of citizens as passive clients. On the other hand, the transfer of this role from the state to civil society could result in a decline in the redistribution of resources across regions and social classes. It could simply be a step back to the pre-welfare state period when charitable organizations addressed the most grievous hardships created by economic forces. This could make the process of social polarization even more severe.

The best-known advocates of an expanded social role for the voluntary sector are American. They reflect a situation in which the voluntary sector is already much less dependent on state funding than in Canada. There is some evidence of new thinking about the changing roles and relationships of governments and the voluntary sector in Canada, but this is just beginning. There is not yet any consensus on several of the key issues now emerging. These issues may be grouped as follows:

Roles and relationships: Which roles are proper to governments, and which are proper to voluntary organizations? How can a transition from the present roles to the new roles be facilitated? What principles should govern the relationships between government and the voluntary sector?

Funding & accountability: To what extent should governments provide funding (including tax credits) to voluntary organizations to carry out existing and new social roles? How should voluntary organizations be held accountable for the funds they receive?

Advocacy and consultation: What is the role of voluntary organizations in formulating public policy? Are they self-serving 'special interest groups' that already have too much influence, experts who can provide valuable advice to governments, or organizations that provide legitimate representation of the views of their constituents?

Section 3 looks at the relationship between the Canadian voluntary sector and the Federal Government around each of these issue areas. Section 4 examines the specific situation of the branch of the voluntary sector that is involved with international cooperation. Section 5 poses optional strategic directions for the CCIC constituency in this situation.

3. The Canadian voluntary sector and the Federal Government in 1995

There are signs of new interest in the changing roles and relationships of the voluntary sector and the state in Canada. This interest comes primarily from the voluntary sector itself, and only to a limited degree from government. Last year, the Coalition of National Voluntary Organizations held a nation-wide consultation on the increasing pressures on the voluntary sector created by government cutbacks. Since then, an Ad Hoc Coalition on Canada's Charitable and Public Interest Sector has been working together to have input to the budget process and to address the issue of advocacy by public interest groups. (3) The Pearson-Shoyama Institute has been working on the issue of the role of public interest groups; it held a roundtable for officials of the voluntary sector and the Federal Government in January. The Institute on Governance (IOG) recently surveyed national associations of voluntary organizations in various sectors and staged a roundtable discussion for senior bureaucrats on relations between the Federal Government and the voluntary sector. The Canadian Centre for Management Development brought together MPs, public servants, academics, media, and voluntary sector representatives in March to work on the issue of consultation and public participation in the policy process. The Canadian Centre for Philanthropy staged a Symposium entitled 'The Voluntary / Public / Private Sectors: New Issues, New Roles' on April 19th. (4)

At the academic level, Susan Phillips of the School of Public Administration at Carleton University has focused on this issue in her writing. Her article "Of Visions and Revisions: The Voluntary Sector Beyond 2000" is the best survey of the issues for Canada currently available. (It served as the basis for her presentation to the CCIC AGM in May 1994.)

The following is an effort to synthesize the outlooks represented in these various consultations, reports, and articles, and in the interviews with the people mentioned at the beginning of the attached Notes section. (5)

Roles and relationships:

There is a keen appreciation in government of the threefold impact of cuts on social services. This impact is (1) the declining provision of services directly by the Federal Government, (2) the declining provision of services by provincial governments faced with declining transfers from the Federal Government, and (3) declining grants and contributions to organizations in the voluntary sector, both from the Federal Government and from the provinces.

Nevertheless, there is not much evidence of substantial thinking in the Federal Government about the question of shifting roles between the state and the voluntary sector. Almost all of the focus is on the shift of functions from the state to the private sector.

To the extent that there is thinking about the voluntary sector in government, the main assumptions seem to be the following:

- The voluntary sector will step in to fill gaps left by the withdrawal of Federal Government support for service delivery in various sectors.

- The voluntary sector will continue to be responsive to Federal Government priorities in doing this, if only to qualify for the smaller levels of funding still available. Organizations in the voluntary sector still tend to be viewed as clients rather than as partners, despite lip-service to the principle of partnership.

- The voluntary sector will restructure and reposition itself to adapt to this changing situation.

Here and there within the Federal Government, at both the political and the administrative level, there is interest in expanding the social role of organizations in civil society. There is particular interest in the concepts of Harvard professor Robert Putnam regarding the vital importance of 'social capital' generated through 'networks of civic engagement' by people and organizations in civil society. Putnam, whose ideas are currently influential within the Clinton Administration, argues that the leverage of governments in promoting social initiatives is much greater where the civic culture is responsive and able to play a dynamic role in creating positive change. His views are seen as relevant at a time when the capacities of governments to effect change directly are in decline. These views are not, as yet, widespread within the Canadian Federal Government.

The perspective of the voluntary sector on roles and relationships does not match the assumptions of government. The assumptions here may be summarized as follows:

- The voluntary sector is stretched to capacity already. Increased demands for services, on the one hand, combined with declining funding from all levels of government, are creating a crisis situation. Some organizations are having to fold because of funding cuts. Others are barely surviving. To speak glibly of expanding the role of organizations in civil society in this context may be viewed as naive at best, as cynical at worst.

- Organizations in the voluntary sector lack the resources and expertise to restructure and reposition themselves in the new situation. The diversity of organizations within the various sectors inhibits their capacity to merge, to develop cooperative arrangements, or to arrive at new divisions of labour.

- Volunteerism does not just happen by itself. A major shift in social roles from the state to the voluntary sector will demand a revitalization of civic culture -- that is, cultural change. One of the barriers to this is the increasing pressure on the working lives of Canadians, limiting the time available for voluntary work.

- Replacing government programs with voluntary labour and donations will require a new, more equal relationship between the state and the voluntary sector, genuine partnership rather than patron-client relationships.

- Government seems reluctant to work cooperatively with the voluntary sector on setting an agenda that reflects the realities of the new situation.

Funding and accountability

The decline in funding is the central fact of the new situation. Government assumptions at the moment appear to be the following:

- Voluntary organizations will replace at least a part of the lost funding from other sources.

- The government continues to provide the same level of support through tax expenditures (tax deductions for charitable donations).

- Continued funding to voluntary sector organizations should be aligned more strictly with

government priorities and should be tied to performance, that is, to the results achieved.

- Government should pay for program activities; core costs should be paid for by the organization's members, donor base, or 'market'.

- Accountability for funds received should be based on impact evaluation.

The perspective from the voluntary sector is as follows:

- Government has been the main source of funding for voluntary sector organizations. According to estimates from the Canadian Centre for Philanthropy (cited by the IOG), a 10% cut in government funding requires, on average, a 58% increase in individual donations, or a 490% increase in corporate donations.

- This is different from the American situation, for example, where individual and corporate donations account for a much larger ratio of support to the voluntary sector. (Even in the U.S., nevertheless, government funding is vitally important to the voluntary sector; see Putnam 1995). Alternative sources of funding are not nearly as diverse in Canada. The 'third sector' -- cooperatives, credit unions, etc. -- are relatively well developed in Canada, but increasingly oriented towards business goals rather than social goals.

- The fundraising marketplace is already crowded; this will worsen in the present situation.

- The use of the charitable tax credit by donors is low. Individual donors are the main source of non-government income, but the combined effects of stagnant family income levels, uncertain futures, and perceived insecurity of pension income inhibits increased donations by individuals.

- The government's focus on program activities biases it towards short-term, project-based funding. This reduces the support for institutional capacity building. Funding for core activities is also the most difficult to raise from other sources.

- The voluntary sector is ready to demonstrate its accountability for funds received from government. Both government and the voluntary sector have tended to neglect evaluation in the past, however. Impact evaluation, or results-based accountability, is new and its methodology is underdeveloped. Developing this will require the expenditure of time and money.

Advocacy and consultation

This aspect of the relationship between the voluntary sector and the Federal Government is under more intense scrutiny than other dimensions at the moment. Views within government are varied; the following attempts to reflect the main lines of thinking.

Government's views of the voluntary sector are as follows:

- The voluntary sector is composed of a variety of types. Some are 'special interest groups' that tend to advocate narrowly in their own self-interest. Others are 'public interest groups' which bring their experience in program delivery and/or research expertise to the policy process.

- In general, the views of voluntary sector organizations lack balance.

- Government should not fund organizations that exist primarily to advocate positions on behalf of special interests. Government should not fund the advocacy activities of service-delivery organizations.

- Government wants to improve the quality of consultation with different sectors of society and the general public on policy issues. It wishes particularly to strengthen the role of Parliamentary Committees in policy deliberations. Voluntary organizations are often barriers that the Government and Parliament must get around to hear the public, rather than vehicles for conveying the views of the public. Polls indicate that the views of voluntary organizations are often quite different from those of the general public.

- The government will consult with the voluntary sector as needed, at its own discretion.

The voluntary sector view is as follows:

- Voluntary organizations are almost entirely preoccupied with service delivery. Their capacity for research, analysis, and policy advocacy is quite limited. They can, however, provide the client/user perspective, based on practical experience, and suggest alternatives that may have been overlooked.

- The voluntary organizations that are devoted to policy advocacy were, in many cases, initially created with state funding for the explicit purpose of providing a channel for the voices of those who were not being heard in Ottawa.

- The lobbyists of the private sector are now, and have always been, much more influential as 'special interests' than the voluntary sector.

- Most voluntary organizations with capacity for research, analysis, and policy advocacy are 'public interest groups.' They are sources of valuable expertise on many difficult social, economic, and environmental policy issues. Governments seem quite ambivalent towards them -- calling them 'special interest groups' at times, yet turning to them for their information, expertise, and creativity when it suits them.

- Government is not clear about the objectives or methodology of public consultation; inadequate consultation can alienate those who feel their participation has not been taken seriously.

- It is very difficult to get dialogue going with government, either centrally or at the level of individual departments and agencies. The government appears to be pulling away from more consultative partnerships with the voluntary sector.

Conclusion

The Federal Government is cutting back its expenditures, and its social role, in a manner that is described by government officials themselves as 'revolutionary.' There is, nevertheless, very little thinking about the shift in roles between the public sector and the voluntary sector. If anything, government is moving further away from dialogue with the voluntary sector on this question.

Assumptions in the public sector are quite different from those in the voluntary sector on this shift, yet there are weak mechanisms for communicating about them. Even further removed is any mechanism for coordinating work on the shift in roles.

4. The international cooperation community and the Federal Government in the aftermath of the 1995 Federal budget

The decisions by the Federal Government on the allocation of reduced levels of funding to the voluntary sector, and the manner in which these decisions were taken, were perceived by many to imply a qualitative change in the attitude of the Federal Government towards the international cooperation branch of the voluntary sector. This perception is expressed both by people in government and people in the voluntary sector. Those who have worked longest on this relationship perceive the change most keenly.

From the inception of CIDA in 1968, 'responsiveness' has been one of the principles of the relationship of the Federal Government with the voluntary sector in respect to international cooperation work. Under this principle, government has contributed funds to the voluntary sector towards the achievement of its stated objectives, provided only that this work is complementary to the broad goals of the government. The principle has served to encourage the international work of Canadian society outside the state, to assist the voluntary sector to work in areas in which it has special advantages, and to experiment with creative approaches. Support for development education was intended similarly to promote international awareness and voluntary action by Canadians. To the extent that NGOs were held accountable in this relationship, it was to the achievement of their own objectives.

There have been fluctuations in the relations between government and the voluntary sector. (6) In Tim Brodhead's phrase, NGOs have been 'in one year and out the other.' Until this year, however, both sides seemed to be working at improving the relationship. The voluntary sector expected funding cuts, but assumed it would continue to work closely with government to find common solutions to the problems created by the fiscal situation. The positive contributions of the voluntary sector to the Foreign Policy Review, and the commitment of the Liberal government to democratize the foreign policy process, were seen as a high water mark in the relationship, at least by the voluntary sector.

This perception has changed radically since February. Three key points are most striking:

- The decision to eliminate funding for any groups that do not have overseas programs has had the effect of cutting all support for community-based development education centres and provincial councils, and effectively has transferred resources from them to larger NGOs (since cuts would have been greater for the latter).

- The Government withdrew delegated funds from the management of voluntary sector groupings such as Partnership Africa Canada, the South Asia Partnership, and four decentralized funds managed by groups of voluntary organizations across Canada. These institutions had pioneered new forms of cooperation among organizations in the voluntary sector and with the government, and were generally viewed as successful by those who were knowledgeable about them.

- Despite long and patient work by CIDA officials and the voluntary sector to establish criteria

for the allocation of funds in the wake of cutbacks, many decisions had no reference to this consultation (Many of the decisions on allocations to specific organizations did, however, correspond to the findings of careful evaluations based on the criteria negotiated.)

Using the same format as in Section 3, the following is a brief review of the current state of the relationship in the three broad issue areas.

Roles and relationships

Government's views appear to be as follows:

- The situation here is different from that of domestically-focussed sectors. There is little or no expectation that the voluntary sector will play a larger role in international cooperation as the government's role is diminished.

- In fact, Canada's official position is that it will eventually increase Official Development Assistance (ODA) to 0.7% of GNP, but only 'when Canada's fiscal situation allows it' (*Canada in the World,* p. 43). (Meanwhile, the February budget projects a decline in ODA from 0.42% of GNP in 1993 to 0.3% in 1997.)

- The withdrawal of the delegated funds reflects the desire to return to government an active role in the implementation of government policy, and to place the accountability for public funds where it belongs.

- The view from the senior political and executive levels of government is that organizations in the voluntary sector are essentially clients, not partners, in their relationship with CIDA -- clients that have benefited a great deal from their relationship with CIDA over the years. Some question whether they should continue to receive the same share of ODA funds in the future.

- The role of the voluntary sector should be to deliver programs in its areas of competence overseas. There is no support at senior levels for any other model of international cooperation, or for development education that is not linked to overseas program delivery. The main argument for this is political: the taxpayer wants tangible evidence that support is going where it is needed.

- There are too many NGOs. It is impossible to maintain a responsive funding relationship with several hundred organizations. In 1995-96, CIDA will support the programs of 55 larger NGOs. Other organizations will be eligible to apply for project funds from a special $14 million fund.

- The voluntary sector must respond to Federal Government priorities in order to qualify for the smaller levels of funding still available. CIDA's Executive Committee decided last year that, by 1996, CIDA-funded NGO programs in any given country will have to be situated within CIDA's Country Development Policy Framework. (This policy is currently under review, at the CCIC's request.)

- The voluntary sector will adapt to this changing situation. Some organizations, such as development education centres and smaller NGOs, may have to fold. Others may be forced to

merge or, at least to cooperate on common services. Organizations which are most relevant to the achievement of CIDA's objectives will receive the funds available.

The views of the voluntary sector are as follows:

- The voluntary sector are not clients of government but autonomous actors in international cooperation. 'Responsive' funding was one of the the wisest policies of government, designed to encourage voluntary action by Canadians.

- The Government's behaviour represents a total retreat from the long-term efforts on both sides, since the eras of Pearson and Trudeau, to build up a cooperative relationship.

- The voluntary sector is not merely a self-interested community demanding patronage from the government but a valuable partner that is able and willing to mobilize support in Canadian society for important international tasks.

- The voluntary sector is quite diverse. This has been one of its strengths. The number of NGOs is not the issue.

- The government's decisions have had an uneven impact across the sector. They have been especially damaging for smaller organizations and for those located outside the 'golden triangle' of Ottawa, Montreal, and Toronto.This has the potential to create divisions within the community.

- The delegated funds represented a long-term movement towards a relationship of cooperation and collaboration. The voluntary sector was fully responsible and accountable.

Funding and accountability

Government assumptions at the moment appear to be the following:

- The Government has the responsibility to assess the best use of ODA dollars. A weakness of the voluntary sector is its inability to demonstrate the effectiveness of its work in terms of results achieved. The taxpayer wants results. This is the underlying reason for terminating funds to organizations without overseas programs. ODA funds must be used to achieve results overseas, and development education is too far removed from that.

- The Federal Government must consolidate its support to NGOs in a limited number of organizations with proven records of good quality programming.

- Voluntary sector activities must be 'complementary' to CIDA's objectives. Support should be based on the quality of an organization's performance, and on the results achieved.

- More systematic methods of accountability, based on results achieved, are required.

The perspective from the voluntary sector is as follows:

- The voluntary sector generally accepts that cutbacks are necessary.

- As with the rest of the voluntary sector, government has been the main source of funding for international cooperation organizations in Canada. Prospects for replacing government funding from other sources are poor without significant changes in the attitudes and behaviour of the public and/or corporations.

- Voluntary organizations are prepared to cooperate in the development of suitable methods of accountability. There is no opposition to the principle that CIDA allocations should be based (among other things) on the quality of an organization's performance. CIDA and the voluntary sector had negotiated a set of criteria to assess NGO performance as the basis for allocating funds, but these were superceded in many of the decisions taken in the February budget process.

Advocacy and consultation

Government's views are as follows:

- The Government is committed to establishing a consultative foreign policy process. The input of the voluntary sector to policy deliberations is welcomed politely.

- Efforts by the voluntary sector to coordinate the input of views, as in the Foreign Policy Review, may be perceived negatively as the orchestrated input of a special interest group. A few of the interventions by NGOs in the Foreign Policy Review were clearly self-interested, and this alienated some in government to the whole sector.

- There are other voices apart from the CCIC constituency that the government insists on hearing. There is a much greater pluralism in Canadian society than is reflected by the input of CCIC members to the Foreign Policy Review.

- In particular, the government wishes to strengthen the role of Parliamentary Committees in the foreign policy process.

- Government must distinguish between consultation and decision-making. The government welcomes the expression of views, but at the end of the day it must make its own decisions.

The views of the voluntary sector are:

- Canadian voluntary organizations are an important channel for the expression of the perspectives of their Southern partner organizations. Increasingly, Southern partners are calling upon Canadian organizations to make policy advocacy one of their primary activities.

- The community of international cooperation organizations has worked hard to build up a cooperative relationship with government around the policy process. The Foreign Policy Review was a model for organizing thoughtful, expert input to a major policy exercise.

- The community wishes to serve as a responsible partner to Government in the policy process, and should be recognized as such.

5. Strategic choices for the CCIC constituency

Due to the diversity of the voluntary sector, each organization will have a different perspective on the strategic choices open to it at this moment. At one end of the spectrum, a development education centre facing the complete loss of government funding may have little choice but to fold. At the other end of the spectrum, a larger NGO with a good fundraising base and a high correlation of its own objectives with those of CIDA may find that it has little if any adjustment to make. Organizations positioned in the middle of the spectrum may face more difficult choices. They may face reduced funding, pressure to align themselves with CIDA priorities, and little interest in government for responsive support to their own views of international cooperation. Each of these organizations will be inclined to act differently.

The options that follow view the choices arising from the current situation not from the perspective of individual organizations but from the perspective of the CCIC constituency as a whole. What should the constituency do about the current situation? There are strong divisive pressures in the present situation. It remains to be seen if it is possible for the CCIC constituency to agree, and act, on a common strategy. The most healthy approach will be to debate the choices openly, with full respect for the views of each.

The options should not be seen as mutually exclusive. Each represents a primary direction for strategy, but in practice each may incorporate elements of the other two. The important question at the moment is what the primary direction for strategy should be.

We will describe each briefly, then consider its advantages and risks.

1. Adapt

   Adjust to the position being put forward by government. Develop the results-based method of accountability for funds received from government and improve the capacity of the constituency to demonstrate its effectiveness to government, donors, and the general public. Focus on improving the credibility of the CCIC and its constituency as a 'public interest group' (rather than a 'special interest') that has expertise and creativity to bring to the policy process.

   Advantages: This would create the least friction with government. It would help to ease the transfer of resources for programs and for improving the professional competence of the community.

   Risks: This strategy would increase the dependence of the community on government and further undermine the dynamism of the voluntary constituency of the member organizations. The role of the voluntary sector in challenging government priorities, for example the recent decision to subordinate concern for human rights to trade policy, would be weakened.

2. Challenge: insist on a genuine partnership

   Work to increase the role of the voluntary sector in international cooperation. Engage government in dialogue on this role. Identify the areas where the voluntary organizations have a legitimate and growing role to play, not as a clients or junior partners but as autonomous social actors in partnership with government. Find new ways to bring together the resources

of government with the energies of the voluntary sector. Work in concert with other branches of the voluntary sector in doing this. Develop institutions that integrate the voluntary sector in the public policy process.

Advantages: This strategy is in accord with new thinking on the role of the voluntary sector in a time when government is shrinking. This kind of strategy, if viewed favorably by government, could provide the basis for a rejuvenation of voluntarism in Canadian society. It would help to mobilize the energies of citizens concerned about the threat to society -- Canadian and global -- posed by the current economic trends and shrinking government. It could even lead to new forms of democratic expression, as argued by Susan Phillips and the American thinkers noted earlier.

Risks: This strategy is the one the community has been following and that seems to have been rebuffed. If not taken seriously and enthusiastically by government, it could ultimately prove to be a step backwards to the pre-welfare state society, in which charities compensate (inadequately) for the reduced services of the state. To be effective, it requires a new attitude towards voluntary citizen action both from governments and from the citizenry. This implies cultural change, which is never a simple matter. A further problem is that this kind of a strategy is especially susceptible to co-optation by corporate-sponsored citizens' fronts.

3. Transform and rebuild the voluntary sector

Move away from government and rebuild more autonomous organizations. Focus on constituency building in Canada rather than alliance with government (but continue to engage government in policy dialogue). Focus less on negotiating a shift in social roles from government to the voluntary sector and more on facilitating the activism of the constituencies on the issues that are important to them. Work with those Southern partners who are demanding more authentic, reciprocal relationships around the important issues of this time.

Advantages: This strategy could appeal to those Canadians who are currently most alienated from government -- the 'outsiders' mentioned in note 2, especially youth and women -- and could help to create new, constructive channels for their activism. It would enhance the credibility of voluntary organizations with Southern partners.

Risks: The social movements in Canada are at a very low ebb currently. This strategy has a 'picking oneself up by one's bootstraps' quality. It could damage the funding prospects of voluntary organizations even further and undermine their professional capacities. It would be the most risky of the three options to the staff of many organizations. Of the three strategies, this could be the most divisive to the CCIC constituency; it could lead to a parting of the ways between those who are intent on revitalizing their voluntary base and those who see their future more in public sector contracting.

Notes

1. Consider the following enumeration of the key elements of structural adjustment programs sponsored by the World Bank in Southern countries (Susan George and Fabrizio Sabelli 1994: 18)

- privatization of government corporations and severe 'downsizing' of public employment and government bureaucracy, exacerbating unemployment and tending to affect public service ministries most (health, education, transport, housing, environment, et cetera) through drastic budget reductions;
- promotion of exports of raw materials and of export industries to earn foreign exchange; import liberalization and elimination of trade barriers or quotas;
- elimination or sharp reduction in subsidies for agriculture, food staples, health care, education, and other areas (generally excluding the military, however);
- restrictive monetary policies and high interest rates to curb inflation;
- a reduction in real wages (especially for lower wage earners), which is called demand management', also intended to control inflation.

2. See the recent report entitled *Rethinking Government* by Ekos Research Associates for the Federal Government (see Greenspon 1995). Through a process of extensive polling and interviewing, the research team developed a model of Canadian society in transition from its old dimensions -- which might be seen as a Bell curve, with the vast majority located in a broad middle class -- towards a more polarized society that is shaped as follows:

1. 'Insiders,' about 19 percent of the population, are the knowledge workers of the new economy: professionals, engineering, technical, and scientific staff, and most senior managers. This group is well-educated, middle-aged, and mostly white and male.
2. The 'secure middle,' about 24 percent of the population, is made up of unionized and white-collar workers such as teachers and public servants. This is the remnant of the old, secure middle class that is now in decline. Middle-aged members will probably make it through to retirement in relative security, but younger members face the prospect of decline to lower levels if they do not make the leap to the 'insider' group.
3. The 'insecure middle,' about 16 percent of the population, work in old-economy industries. Most are surviving well enough at the moment in terms of income and employment, but the future does not hold much promise for them. This group has an unemployment rate of 8 percent, many of them older males who will have difficulty finding employment again. This group is in danger of sinking into the group below.
4. 'Dependents,' about 22 percent of the population, have a high level of dependence on the government to help them deal with unemployment, poverty, and low work skills. When working, they tend to have low-security, low-skill jobs. Many are pensioners.
5. 'Outsiders,' about 19 percent of the population, are poorly educated and have the lowest-paid, lowest-quality jobs. Women and youth are overrepresented in this group. They are regular users of government services, but they are the most skeptical about and alienated from government.

The Ekos study is a portrait of Canadian society in the process of polarization. Over 40 percent of this society is already faring poorly; another 16 percent is insecure.

3. The groups participating in the Ad Hoc Coalition on Canada's Charitable and Public Interest Sector are the Canadian Association for Adult Education, the Canadian Centre for Philanthropy, the Canadian Council for International Cooperation, The Canadian Council on Social Development, the Canadian Environmental Network, the Coalition of National Voluntary Organizations, the National Anti-Poverty Organization, and the National Council of Women of Canada.

4. The record of the proceedings of the Canadian Centre for Philanthropy's Symposium "The Voluntary /Public / Private Sectors: New Issues, New Roles" was not yet available at the time of writing.

5. I am grateful to Lyle Makosky and the Institute on Governance for the 'talking notes' prepared for a presentation at the IOG roundtable on the relationship between the voluntary sector and the Federal Government. These notes suggested the structure which follows, that is, the juxtaposition of government and voluntary sector views on various aspects of the relationship. There is, or course, a range of views on both sides of this relationship; the structure is intended as a way to identify disjunctures in the assumptions generally made on each side.

6. For reasons of space, it is not possible to present a thorough review of the history of relations between Canadian international cooperation organizations and the Federal Government here. Two good sources on this are Murphy (1991) and Smillie and Filewod (1993).

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